

**STAFF REPORT WITH RESPECT TO COMPUTING THE AVERAGE OF THE
45 HIGHEST DAILY MARKET PRICES FOR ELECTRIC ENERGY
Pursuant to 83 Ill. Adm. Code 451**

January 4, 2007

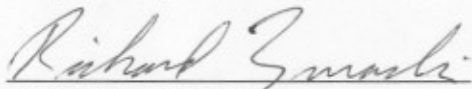
To become certified as Alternative Retail Electric Suppliers under the procedures of 83 Ill. Adm. Code 451, applicants must be financially qualified. One way to demonstrate that the applicant possesses sufficient financial capabilities to serve Illinois retail customers is for the applicant to certify that it will offer to reimburse customers for any additional costs customers incur to acquire electric energy if and when the applicant fails to supply such energy. The applicant's prospective obligation to reimburse Illinois retail customers shall be covered by an unconditional guarantee, payment bond, or letter of credit. According to the rule, any dollar limitation on the unconditional guarantee, payment bond, or letter of credit shall equal not less than the product of 1080 times an estimate of the maximum number of megawatts the applicant expects to schedule over the next twelve months times the average of the 45 highest daily market prices of electric energy traded during the previous year.

The Commission is required by 83 Ill. Adm. Code 451 to choose, each January, a published price index for electricity for the purpose of setting a minimum dollar limit on the unconditional guarantee, payment bond, or letter of credit. Staff recommends utilizing as the published price index the PJM Day-Ahead Locational Marginal Prices ("LMPs") for the Northern Illinois Hub. These prices are readily available on the PJM web-site at an hourly level of detail.

Staff has computed daily averages of the 2006 hourly PJM Day-Ahead Locational Marginal Prices for the Northern Illinois Hub, and has sorted these daily averages to find the 45 highest values. The average of these 45 highest values, which Staff recommends using for purposes of 83 Ill. Adm. Code 451 during 2007, is as follows:

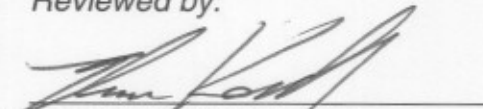
\$60.63 per MWh.¹

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¹ The data behind this calculation are shown in the Appendix attached.

Appendix:
The Top 45 Daily Averages of
Hourly Locational Marginal Prices
at the Northern Illinois Hub
as Reported by PJM for all days in 2006
(\$/MWh)

Rank		Avg Hourly Price	Rank		Avg Hourly Price
1	8/2/2006	127.88	24	1/18/2006	55.25
2	8/1/2006	117.50	25	12/8/2006	55.22
3	8/3/2006	89.69	26	4/20/2006	54.91
4	7/31/2006	87.71	27	10/25/2006	54.17
5	7/17/2006	79.07	28	12/7/2006	53.60
6	8/4/2006	67.50	29	7/15/2006	53.36
7	7/28/2006	63.71	30	12/5/2006	53.31
8	7/30/2006	63.56	31	10/23/2006	53.11
9	7/16/2006	62.10	32	8/28/2006	52.89
10	7/29/2006	61.80	33	2/13/2006	52.62
11	10/24/2006	61.22	34	11/20/2006	52.21
12	7/27/2006	59.42	35	11/21/2006	52.10
13	7/26/2006	58.46	36	8/25/2006	52.03
14	11/3/2006	58.35	37	6/19/2006	52.01
15	8/7/2006	58.20	38	6/16/2006	51.97
16	11/6/2006	57.61	39	6/21/2006	51.96
17	7/18/2006	56.92	40	8/26/2006	51.86
18	7/25/2006	56.86	41	6/22/2006	51.84
19	12/4/2006	56.65	42	7/20/2006	51.63
20	7/19/2006	56.52	43	10/26/2006	51.12
21	11/4/2006	56.45	44	8/11/2006	50.65
22	4/4/2006	56.43	45	4/3/2006	50.56
23	4/5/2006	56.33	Avg		60.63

Original Data Source: <http://www.pjm.com/markets/energy-market/day-ahead.html>